

Comment #13 – 8/29/16 – 5:02 p.m.

Thank you for the opportunity to provide input regarding the Proposed ASOP for the Pricing of Life Insurance and Annuity Products. I have been asked to consolidate the feedback from the actuarial group at Allstate. Please see below for our thoughts; we have focused specifically on the areas identified by the ASB. Thank you, and please let me know if additional clarification is needed.

1. Does the draft ASOP provide appropriate guidance to the actuary when providing actuarial services related to the pricing of life insurance and annuity products? [The current draft feels like a reasonable, helpful guide for performing a robust pricing exercise.](#)
2. Given the range of roles actuaries may have in the pricing of life insurance and annuity products, is the scope of the draft ASOP appropriate? [The ASOP appears to appropriately target the actuary who does the compiling of information, development of the model, and setting of the prices/rates.](#)
3. Does the draft ASOP address the range of products and pricing methodologies used in the industry? [Generally speaking, yes. However, it is not obvious why IRR should be given such precedence in discussing metrics \(3.2.1\). Depending on an organization's goals and structure, the product's design and features, and many other factors, it may make sense for any number of different profit metrics to serve as the primary metric when performing pricing.](#)
4. Are the disclosures required in section 4 appropriate? [The requirement to describe in each pricing actuarial report "how these metrics are used to support the goals of the actuary's principal" \(4.2.a\) is unduly onerous. Oftentimes, the metrics in use will be handed down to the actuary from leadership, with limited discussion of how the metrics support goals. Also, preferred metrics are changed infrequently; it is not reasonable or necessary to discuss the function of those metrics each time a pricing exercise is conducted.](#)

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